

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/24):
BUTTER: Grade AA closed at \$2.1525. The weekly average for Grade AA is \$2.1542 (+.0909).

CHEESE: Barrels closed at \$1.6800 and blocks at \$1.7800. The weekly average for barrels is \$1.6350 (-.0045) and blocks, \$1.7320 (+.0120).

NONFAT DRY MILK: Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

BUTTER: Butter markets remain firm. During July, 753,775 pounds of butter was imported into the U.S. subject to licensing requirements. Cumulative imports, under licensing requirements, for the first seven months of 2001 totaled 12,384,025 pounds compared to 9,761,825 pounds during the same period in 2000. High-tier imports during July totaled 7,153,408 pounds. For the period January – July, high-tier imports totaled 15,210,527 pounds compared to 61,093 during the same 2000 period. New Zealand, Norway, and Australia are the leading sourcing countries. Domestic butter production is mixed. Some producers are selling their cream versus churning, while others are taking advantage of the additional cream offerings. For the most part, stocks are lighter than many producers and handlers desire for this time of the year. Butter demand is fair. Retail orders are mixed. Pricing is often a determining factor in retail sales. Food service orders are edging lower, especially from resort and vacation areas as the summer vacation season nears an end.

CHEESE: The cheese market is unsettled, mostly steady to firm. Recent heat stressed declines in milk receipts, combined with lower solids content, and increased school milk demand have reduced manufacturing plant schedules. Supplies of current varieties are tightening accordingly. Process demand is steady to occasionally improved, aided by feature activity and end of summer needs at resort areas. Overall demand is steady on most natural varieties. Mozzarella interest continues to improve seasonally.

FLUID MILK: Milk production across the country continues to react to the recent weather patterns. In Central and Eastern areas, the high temperatures and humidity levels of July and early August have moderated. For the most part, milk production patterns are recovering somewhat from the declines during that period. Although milk output is rebounding, overall volumes are tight. This is the time of year when demand for milk in the Southeast is great and milk from other areas of the country is tapped to supplement their declining production and growing needs. This week, 367 loads of milk moved into the region. This week's total is about typical for this time of year and milk was supplied from Massachusetts, New York, Pennsylvania, Maryland, Michigan, Arkansas, Iowa, Minnesota, Wisconsin, and Arizona. Milk handlers expect the need for milk to continue through December. Due to the strong demand for fluid milk, manufacturing schedules are being greatly reduced at many locations. In the Southwest, weather conditions are typical for this time of year and milk output is holding steady to seasonally declining. In the Northwest, weather conditions are not impacting milk output as negatively as elsewhere in the country, although milk volumes are declining seasonally and manufacturing plants are operating on reduced schedules. In the Mountain State region, temperatures

in the 100 degree range have moderated and cooler temperatures prevailed this week thus relieving some of the stress on the milking herd.

DRY PRODUCTS: Nonfat dry milk markets are generally steady, although some slightly lower prices are being reported from the Western part of the country. Drying schedules across the country are generally lighter as milk supplies tighten and the demand for condensed skim is clearing more milk solids before reaching the dryer. Buttermilk powder markets are mixed with prices unchanged to higher. In the Western part of the country, the market tone is weak while in Central and Eastern areas the tone is steady to firm. Powder production across the country is often lower due to good sales of cream and reduced churning. Whey powder markets are generally steady with prices unchanged to slightly lower. Producers continue to report that contract sales are keeping them in a very balanced position. In fact, some are behind on contract shipments and not taking new orders.

CCC: During the week of August 20 - 24, CCC net purchases totaled 1,332,613 pounds of nonfortified NDM from the West.

CCC SELLBACK OF NDM FOR ANIMAL FEED (FSA): Under invitation 012 to announcement RSC1, the Kansas City Commodity office announced the sale of 2,297,280 pounds of nonfat dry milk for use other than human consumption. Prices ranged \$0.6190 – 0.6460 per pound.

COLD STORAGE (NASS): According to NASS, U.S. cold storage holdings of butter on July 31, 2001 totaled 145.4 million pounds, 1.7% lighter than last month, although 6.2% heavier than July 2000. Natural American cheese holdings totaled 504.5 million pounds, 4.8% below a month ago and 19.7% lighter than last July.

MARCH MAILBOX MILK PRICES (DAIRY PROGRAMS): In March 2001, mailbox milk prices reported for selected reporting areas in Federal milk orders averaged \$13.79 per cwt., \$0.88 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$16.54 in Florida to \$12.48 in Idaho.

ANNUAL MAILBOX PRICES: During 2000, the all market annual average mailbox price in selected milk orders was \$12.15, \$1.88 lower than the 1999 average of \$14.03. The 2000 average price range was \$10.57 in the Western order to \$15.72 in Florida. In California, the 2000 average price was \$11.51, while \$13.44 in 1999.

JULY FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During July, about 10.3 billion pounds of milk were received from producers. This volume of milk is 4.3% higher than July 2000. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.9%.) About 3.6 billion pounds of producer milk were used in Class I products, 1.2% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilizations were; Class I = 35%, Class II = 11%, Class III = 44%, and Class IV = 10%. The weighted average statistical uniform price was \$16.60 per cwt., \$0.24 higher than last month, and \$3.89 higher than last year.

******SPECIALS THIS ISSUE******

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 20	TUESDAY AUGUST 21	WEDNESDAY AUGUST 22	THURSDAY AUGUST 23	FRIDAY AUGUST 24	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE BARRELS	\$1.6275 (-.0025)	\$1.6225 (-.0050)	\$1.6225 (N.C.)	\$1.6225 (N.C.)	\$1.6800 (+.0575)	+.0500	\$1.6350 (-.0045)
40# BLOCKS	\$1.7200 (N.C.)	\$1.7200 (N.C.)	\$1.7200 (N.C.)	\$1.7200 (N.C.)	\$1.7800 (+.0600)	+.0600	\$1.7320 (+.0120)
BUTTER GRADE AA	\$2.1550 (+.0650)	-----	\$2.1550 (N.C.)	-----	\$2.1525 (-.0025)	+.0625	\$2.1542 (+.0909)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 20, 2001

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.6500, 1 @ \$1.6300, 1 @ \$1.6400, 1 @ \$1.6300, 1 @ \$1.6275; 6 CARS 40# BLOCKS: 1 @ \$1.7175, 2 @ \$1.7200, 1 @ \$1.7225, 1 @ \$1.7100, 1 @ \$1.7200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6350
 BUTTER -- SALES: 12 CARS: 1 @ \$2.1100, 1 @ \$2.1200, 3 @ \$2.1300, 1 @ \$2.1400, 3 @ \$2.1450, 1 @ \$2.1500, 1 @ \$2.1525, 1 @ \$2.1550; BIDS UNFILLED: 1 CAR @ \$2.1350; OFFERS UNCOVERED: 2 CARS @ \$2.1600

TUESDAY, AUGUST 21, 2001

CHEESE -- SALES: 4 CARS 40# BLOCKS: 2 @ \$1.7100, 1 @ \$1.7200, 1 @ \$1.7175; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.7200; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6225

WEDNESDAY, AUGUST 22, 2001

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.7175, 1 @ \$1.7200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR @ \$2.1450; OFFERS UNCOVERED: NONE

THURSDAY, AUGUST 23, 2001

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.7150, 1 @ \$1.7200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 24, 2001

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.7700; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6800; 1 CAR 40# BLOCKS @ \$1.7800; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS: 1 @ \$2.1250, 2 @ \$2.1350, 2 @ \$2.1400, 1 @ \$2.1550; BIDS UNFILLED: 1 CAR @ \$1.9550; OFFERS UNCOVERED: 1 CAR @ \$2.1525

BUTTER MARKETS

JULY MONTHLY COLD STORAGE

According to NASS, July month-end cold storage figures for butter total 145.4 million pounds, 6.2% more than last year, but 1.7% lighter than June holdings.

NORTHEAST

The market tone is firming and the price at the CME is advancing. Some contacts predict that the CME butter price will continue to increase and rival, if not surpass, those prices seen during 1998. Churning activity in the East is limited and most producers are selling a good portion of their cream and microfixing stored bulk to fill packaged butter orders. So far, producers are not overly concerned about possible shortages. Most feel that they have enough frozen butter under contract and/or in the freezer to carry them through the early fall until milk output picks up and cream demand eases. Demand for print butter is slow to fair. Pricing is often a determining factor for retail sales. Prices over \$4.00 per pound are common. Food service sales are slowing seasonally, but orders are holding through Labor Day. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 – 8.0 cents over the CME price/average.

CENTRAL

Butter markets are firm. The cash price at the CME is nearly \$1.00 higher than last year at this time, but comparable to the price at this time in August 1998. Churning schedules vary, but for the most part, are seasonally active. Cream availability is mixed. Some butter operations are comfortable with their cream supplies while others are taking advantage of additional offerings. Midwestern butter producers feel that cream supplies will increase during the coming weeks as schools reopen, bottling increases, and standardized cream offerings increase.

Stocks of butter range from in close balance to lighter than desired for this late in the summer. Some Midwestern producers and handlers are taking advantage of West coast offerings to supplement their inventories. Overall demand is fair. Retail orders are fair at best. Some buyers are indicating that they are realizing lighter sales at the retail level, attributing the slowdown to higher than desired prices by the customer. Food service orders are also slowing as the end of the summer vacation season nears and family eating patterns return to the home on more of a regular basis. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing bases.

WEST

Butter production in the Western region is often on a declining trend. Milk receipts are lower at most locations. Print butter sales to resort areas are slowing down somewhat, but food service orders are picking up. Retail sales are slower as high prices (some over \$4 per pound) are discouraging store purchases. Bulk sales activity is fair to good. Some resellers with imported butter in their warehouses are more aggressively trying to market some additional product. New imports are expected to be light because of availability. Cream demand is generally mixed, both within California and to other areas of the country. Trucks for transporting the cream are becoming much harder to find. Milk moved out of the Southwest this week to help with shortages in the Southeast region. CME weekly butter stocks declined by 3.8 million pounds this past week and stand at 61.1 million pounds. Stocks have declined 14.6 million pounds in the past five weeks compared to 16.0 million pounds for the same period last year. Stocks are 30.7% below last year at this time, but are near levels of 1999. Current prices for bulk butter range from 3.5 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
AUGUST 18	1.6668 5,941,687	1.6275 8,969,420	0.9490 23,070,171	2.0047 3,221,822	0.2909 10,732,463

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices moved 2-4 cents higher on natural and process items with Swiss unchanged. With milk supplies tightening cheese output slowing nationally, the market tone is firming. In the East, surplus milk supplies are tighter and expected to tighten further as school reopen in the next few weeks. Cheese makers report that operating schedules are down to 4-5 days per week. Also, cheese makers note that the milk that is available has low fat and protein tests and the use of NDM and/or condensed skim to improve yields is more common. Cheese stocks range from adequate to light. Cheddar stocks are fully adequate at this time, but mozzarella is in closer balance. Demand for mozzarella is typically good particularly on college or university campuses. Retail sales are slow to fair at best. Retail prices, like butter, are meeting with some resistance. Food service orders are slowing, but holding up quite well through Labor Day. Also, the start of the college and professional football seasons translates into more weekend tailgating and good demand for cheese.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7650-2.2350
Cheddar Single Daisies	:	1.7225-2.1825
Cheddar 40# Block	:	1.8600-2.0425
Process 5# Loaf	:	1.8575-2.0100
Process 5# Sliced	:	1.8775-2.1275
Muenster	:	1.9250-2.1325
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is mixed, steady to firm on current natural varieties and unsettled to weak on barrels. Process demand is steady to occasionally improved, bolstered by food service promotional activity. The seasonal shift to fall varieties continues. Some producers/distributors are passing along sizeable price increases on specialty items. Current cheese offerings are much tighter as milk supplies have recovered only a portion of the volumes lost during recent hot weather. Also, as both regional and out of area schools reopen for the new year, Class I use is pulling increasing milk volumes from manufacturing. More manufacturers are operating on reduced schedules due to their milk supply. The notice that CCC will seek to sellback blocks and barrels purchased under the dairy price support program is deemed by the trade to have limited impact on current cheese market due to the age and volume. However, it could impact aged cheddar demand and availability.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8575-2.0800
Brick And/Or Muenster 5#	:	2.0400-2.3100
Cheddar 40# Block	:	2.0200-2.1300
Monterey Jack 10#	:	2.1400-2.3425
Blue 5#	:	2.4600-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.4550-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 20 - 24, 2001
BARRELS*	:	\$1.6225 - 1.6550 (NOMINAL)
	:	(-\$.0050) (.0050)
40# BLOCKS	:	\$1.7200 - 1.7550 (NOMINAL)
	:	(\$.0200) (.0350)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices are both higher following trading at the CME last week. Current blocks continue to move well and may be improving as demand patterns switch from summer to fall. Interest in barrel cheese for processing is not as aggressive. Lower quality cheese is finding slow sales activity even at discounted prices. Swiss sales are good for this time of year. Mozzarella demand is definitely improving seasonally as schools and colleges begin their fall terms. Production, in general, is edging lower seasonally as the milk supply declines. Some plants are looking for more milk, but most are satisfied with their current level of production. Natural American cheese stocks for the end of July stand at 504.5 million pounds, down 19.7% from last year and down 4.8% from June. It is very unusual for stocks to decline from June to July. Swiss stocks surveyed total 11.3 million pounds, down 24.1% from last year and 5.6% from June.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7900-2.0500
Cheddar 40# Block	:	1.8400-2.0025
Cheddar 10# Cuts	:	2.0200-2.2400
Monterey Jack 10#	:	2.0300-2.1900
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5400

FOREIGN

Prices are unchanged to higher and the market tone is improving along typical, fall patterns. Stocks of most types of cheese are adequate to meet the steady, fair demand. Cheese output in the EU continues to show increases over 2000 output, but supplies are still relatively tight. Although the European demand for cheese remains good, the "FMD/BSE boost" in consumption seen early this year has moderated. Some Italian styles are readily available and output of those styles is being reduced while stocks are cleared. Cheese exports for the January-May period declined slightly. In mid June the EU cut export refunds (subsidies) by 15%, which tends to increase exporters' purchase prices.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
Roquefort	:	TFEWR	: -0-
Blue	:	2.6400-3.1400	: 2.0675-3.5625*
Gorgonzola	:	3.2400-5.9400	: 2.4900-2.6350*
Parmesan (Italy)	:	TFEWR	: 3.4825-3.5375*
Romano (Italy)	:	2.1000-2.9900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 2.0750-2.2950*
Romano (Cows Milk)	:	-0-	: 3.2575-5.4350*
Sardo Romano (Argentine)	:	2.6500-3.2900	: -0-
Reggianito (Argentine)	:	2.6500-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7500-3.5900	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	2.2500-2.7500	: -0-
Edam	:		:
2 Pound	:	TFEWR	: -0-
4 Pound	:	2.1900-2.9500	: -0-
Gouda, Large	:	2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:		:
10 Ounce	:	27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER : CHEESE	
08/20/01	37,025	:	129,160
08/01/01	43,592	:	130,979
CHANGE	-6,567	:	-1,819
% CHANGE	-15	:	-1

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	156	0	116	0	129	0
SOUTHEAST STATES	211	0	166	0	165	0

During July, milk production in the 20 major states totaled 12.05 billion pounds, down 1.2% from July 2000. The following are the July-to-July changes for selected states: Texas -9.5%, Vermont -3.8%, Pennsylvania -2.5%, Virginia -1.3%, New York -0.5%, Florida +1.6%, and Kentucky +2.2%. Milk production is leveling off in most areas of the East. The effects of the June/July heat wave are still being felt. Milk has rebounded slightly in isolated areas, but for the most part, milk production is level. Milk supplies are short and the need for milk in the Southeast is growing. This week, 156 loads of milk were scheduled to be shipped into Florida with another 211 loads moving into other Southeastern states. This week's total is about typical for this time of year and milk was supplied from Massachusetts, New York, Pennsylvania, Maryland, Michigan, Arkansas, Iowa, Minnesota, Wisconsin, and Arizona. Contacts expect the need for milk to continue through December, but also note that suppliers may not have all the milk that is needed in coming weeks. Schools are nearly all back in session in the Southeast and soon to open in the Middle Atlantic and Northeast. Reports indicate that retail sales of milk are also showing some improvement. Competition for milk is expected to remain very brisk in the coming weeks. Surplus milk volumes are light and most manufacturing plants (particularly butter/powder operations) are running on reduced schedules. Cheese plants are taking all the milk they can get and fortifying existing milk supplies with condensed skim and/or NDM. The condensed skim market is firming as supplies tighten and demand improves. Few spot sales are being reported as some suppliers are having difficulty meeting contract deliveries. Wet solids continue to be shipped to the Upper Midwest. Prices are expected to move higher as the supply/demand relationship narrows. The fluid cream market is firm. Offerings are lighter and demand is good. Spot prices are often higher as both multiples and the CME butter price are higher. Cream cheese output is steady to up slightly. Ice cream production is seasonal, but prices are a deterrent to spot purchases. With schools back in session, demand for frozen novelties has dipped. Churning activity is limited as most butter makers are selling their cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.7236-2.8680
DELIVERED EQUIVALENT ATLANTA	-	2.7236-2.8886 M 2.7648-2.8474
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.6823-2.8886

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES -	1.0500-1.1100
NORTHEAST- CLASS III - SPOT PRICES	- 1.0000-1.0800

M I D W E S T

Local milk receipts are rebounding at most upper Midwestern locations due to more seasonal, cooler and less humid weather. A few managers note the current recovery being upwards of 50% of the recent decline. Other locations note much smaller recoveries, though with some additional increases expected if temperatures remain moderate. Few expect milk volumes to return to "pre-last hot spell" levels anytime soon. Heavy demand for milk within and outside the region continues to cause a juggling act between customers. The reopening of some schools within the region as well as a few promotions, often for reduced fat chocolate, has caused local area demand to increase. Milk supplies are very tight and probably the snuggest in recent years. At least a few handlers weren't sure they would have enough milk to meet their out of area commitments before the recovery. Plants and handlers in Michigan, Wisconsin, Minnesota, Iowa and South Dakota are shipping 270 loads at least as far south as Missouri, with another 21 loads moving to Indiana and Ohio from Wisconsin. Spot Class I premiums reported range from \$4.20 to \$5.70 over, mostly around \$5.00.

Manufacturing schedules are light with some plants dropping a full day of production while others just run fewer hours/vats. Fat and protein levels have recovered a bit from recent heat stressed levels, but remain low for summer. Cream demand remains good with prices higher due to occasional increases in multiples and a higher average Chicago Mercantile butter price. The standardizing of milk for schools is helping to generate a little extra cream but supplies remain tight. Recent light showers are doing little to replenish needed moisture levels, but they are making dry hay harvest difficult. After a challenging, often delayed or rained on first cutting, dry conditions have reduced yields on one or more later cuttings. Early planted corn is denting while real late corn is at or just past silking.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.50- 46.00	\$ 40.00- 44.00
REPLACEMENT HEIFER CALVES	\$360.00-570.00	\$320.00-385.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUGUST 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.50- 50.50	\$ 36.00- 49.00

W E S T

California milk production is favorable, despite recent high temperatures. Processors describe the hot weather as seasonable and the impact was slight and not unusual. Conditions were better this week in the Central Valley and milk intakes and solids were rebounding slightly. Conditions were less than favorable a year ago and comparisons to then will be higher. In southern California, milk volumes are seasonally good. Plants are able to handle local milk. Milk is being shipped between plants due to scheduled maintenance, down days, and for finished product price and stock level considerations. Fluid milk orders are higher as more schools and colleges are beginning sessions. In addition, home buying patterns are returning to "school mode" and more milk is typically bought for home usage. Milk production in New Mexico is trending lower seasonally at levels above a year ago. Output per cow is improving and the number of cows in the state is increasing. Both factors are helping production be above a year ago. The fifth cutting of alfalfa is ending in the south and third cutting in the north. Scattered showers have caused some disruptions in harvesting. Hot conditions continue to impact milk production in Arizona. Levels are tending to level off in the state as cows are becoming acclimated. Processing plants are running less with fluid milk being shipped to other shortage areas and good prices for cream. Western cream multiples are trading in the range from 125 to 135 FOB. Demand for cream remains good and processors continue to sell cream instead of making products locally. Most contacts are commenting on the limited availability of tankers in California and the Southwest. Truck rates are higher and tankers have to be brought in empty from other regions, further increasing costs. Milk supplies are slowly decreasing seasonally in the Pacific Northwest. Weather conditions are not a factor at all. There have been good showers noted this week across the region, bringing much needed moisture and slowing the spread of wild fires. Manufacturing plants are now operating on reduced schedules. Demand for heifers remains excellent and often unfilled. Hay is becoming scarcer and quality levels on available supplies are deteriorating. The silage corn crop looks very good and dairy producers are counting on it to help them control costs through the winter. Milk output is also declining in the northern Mountain States region. Temperatures over 100 degrees again last week added to the stress on milk production. Conditions are cooler this week. Crops continue to be under a great deal of stress. Small grain yields and test weights are not good at all. Some of the fields are being abandoned. Grain growers are often going back into the fields and running a swather over the stubble to harvest the remaining straw for feed/bedding. Many irrigation canals in the region are empty. Water supplies are running out earlier than anticipated. Growers are questioning whether they will be able to get fall crops to maturity. The hay market is becoming more of a concern for milk producers on a weekly basis. Many growers are done for the year and the hay that is continuing to grow is not expected to yield much. Processors are questioning if the current high milk prices will mean any additional milk this fall.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 0823/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are generally unchanged and nominal. The market tone is firming slightly as milk supplies tighten and regional producers reduce drying schedules. In fact, with milk shipments to the Southeast absorbing so much milk, some NDM makers expect their dryers to be down through most of the fourth quarter. Milk from Michigan, Wisconsin, Iowa, and Minnesota is being shipped to Southeastern states to meet growing Class I demand. Some producers are holding stocks with more confidence and contemplating raising asking prices. Demand is fair to good. Most buyers are able to purchase desired volumes via resale channels with little difficulty. High heat powder is in the tightest position. Western NDM is readily available to supplement local output.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9600 - 1.0250 MOSTLY: .9600 - .9750

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher and nominal. The lack of churning and buttermilk output are causing some producers to move prices higher. Plant stocks are limited. The drop in churning and continued good demand for condensed buttermilk keeps drying schedules to a minimum. Few plants have powder available for immediate, spot sale. Reports of resale "older" powder moving below the market range continue. Overall demand is just fair.

BUTTERMILK: 1.0400 - 1.0875

DRY WHEY - CENTRAL

Prices are steady to lower, with the mostly range unchanged. The market tone remains unsettled, almost contradictory. Producers report lighter output as milk supplies tighten seasonally. Most have no product on hand for spot sales and they are scrambling to get caught up. They are often behind on contract shipments because of the drop in milk supply and recent drying troubles during the heat wave. Also, there are sufficient contracts in place to keep their stocks tight into fall. Conversely, demand is lackluster. Traders often have contracts with producers and report having inventory to clear. They are meeting resistance at current price levels.

NONHYGROSCOPIC: .2400 - .2975 MOSTLY: .2900 - .2975

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal. Spot demand for most types of animal feed is just fair as buyers wait for better prices and use existing stocks or contracted volumes. Offerings of milk replacer whey are heavy and often being offered at discounts to the Extra Grade market. Roller ground output and supplies are unchanged. Delactose supplies are tight, occasionally short of needs.

MILK REPLACER: .2300 - .2500
 ROLLER GROUND: .2800 - .3000
 DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are steady the market tone remains firm. Production levels are lighter. Most producers comment on the dwindling supply of surplus milk and how they are having difficulty filling existing contracts. This tighter milk supply and lower output scenario is expected to continue into fall. Demand is mixed. Producers report good sales and an increasing number of inquiries. Conversely, traders note just fair demand and growing stocks. Demand from the feed industry is holding up nicely, particularly for downgraded product.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2700 MOSTLY: .1950 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mostly unchanged and the market tone remains unsettled. Production levels are often lighter as milk supplies tighten and volumes of condensed WPC decline. Along with the lighter milk supply, some producers are stepping up the output of high protein WPC and isolates rather than making 34%. Demand from the food side of the market is steady and easily clearing available stocks. Some producers report being sold out. However, "off grade" product is in ample supply and demand from the feed industry is lackluster. Feed makers are waiting word on the most recent CCC offer of NDM for unrestricted use.

EXTRA GRADE 34% PROTEIN: .7400 - .8200 MOSTLY: .7650 - .7950

NONFAT DRY MILK - WEST

Prices are trending lower for low/medium heat NDM. The market tone remains somewhat unsettled. Recently, sales to the CCC have slowed as production has declined seasonally and additional domestic and direct export sales moved more product. With stocks more in line with expectations, some producers raised offering prices. However, there is some resistance to the higher asking prices and prices were lowered to keep product moving. Production schedules in the region are lower due to seasonal declines in milk production, additional milk moving to fluid usage, and good orders for condensed skim. During the week of August 13 - 17, CCC net purchases totaled 1.5 million pounds. High heat prices were lower this week in generally light trading. Seasonal demand is occasionally higher for upcoming holiday items, but spot interest remains lackluster.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9000 - 1.0225 MOSTLY: .9300 - .9500

HIGH HEAT: .9700 - 1.0100

DRY BUTTERMILK - WEST

Prices are unchanged and the market tone remains weak. Buying interest continues to be slow with activity centered on contracts and regular accounts. Buttermilk prices remaining higher than NDM are still causing some buyers to look for the most cost effective formulations for their needs. Production schedules in the region are often lower due to good sales of cream and reduced churning. Offerings of older buttermilk are still appearing in resale channels along with current loads. Buttermilk stocks vary among producers, from sold out to moderate levels.

BUTTERMILK: 1.0000 - 1.0600 MOSTLY: 1.0300 - 1.0400

DRY WHEY - WEST

Prices are generally steady for Western whey powder this week. Producers continue to report that contract sales are keeping them in a very balanced position. They are able to stay current on orders and stocks range from balanced to tight with some shipments being delayed. Export sales and shipments are slowing and lack aggressiveness. One tender from the Far East is expected to have trouble finding interested participants because of the price level desired. Whey production at most locations is declining seasonally. Resellers and brokers are finding that their inventories are higher than desired and they are working to market additional product. Sales of powder into animal feed channels at this time are slow.

NONHYGROSCOPIC: .2500 - .2900 MOSTLY: .2700 - .2750

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 17	\$.9360	15,168,561
August 10	\$.9213	14,038,747

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady, but some adjustments were noted. The Northeast's prices remain nominal. Production of NDM in the East continues to fall. Little drying was reported in the East this week. The tighter milk supply and good demand for condensed skim are clearing most of the solids before reaching the dryers. A few runs of high heat have been made, but only to fill contracts. Producer stocks are light and being held with a little more confidence and/or to fill local, LTL business. Demand is little changed, but as milk and wet solids supplies tighten, some users may return to purchasing NDM.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9800 - 1.0200 MOSTLY: .9850 - 1.0000

HIGH HEAT: 1.0000 - 1.0350 MOSTLY: 1.0150 - 1.0300

DELVD SOUTHEAST:

ALL HEATS: .9900 - 1.0900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady to higher and the market tone is firming. The firmness is coming from the supply side. Demand is still kind of sluggish as prices are often above those for NDM. Production levels are limited by the lack of churning activity in the East. Most Eastern producers have little or no powder on hand for spot sale. What they do have is being held with a little more confidence since most see little output in the next 4-6 weeks. Resellers also report little market activity.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0700 - 1.0950

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and nominal. Production levels are light and still geared to meeting orders. Producer stocks are very light and spot interest is limited. Most clearances are via contracts.

F.O.B. PRODUCING PLANT: 1.4100 - 1.5900

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH AUGUST 17, 2001
WITH CHANGES FROM PREVIOUS REPORT

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk - 68,201 MT;
Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are generally unchanged and the market tone is little changed. Producers have little or no product to offer. In fact, some are behind on contract shipments and not taking new orders. They often report getting calls from buyers who normally do not call unless "things" are getting desperate. Production is light as milk supplies tighten, but the cooler weather is helping dryer efficiencies and product quality. This lighter output and tight producer supplies certainly paints a firming picture in the market place. However, spot demand is lackluster at best. Producers are pretty well cleaned out by contracts, but traders and other resellers are finding demand to be not so great. One contact referred to this as a stale market. There is little spot trading activity, even on the resale side of the market. Buyers are taking product as needed and waiting for better prices.

F.O.B. NORTHEAST: EXTRA GRADE .2950 - .3000

USPH GRADE A .2900 - .3100

DELVD SOUTHEAST: .3175 - .3375

EVAPORATED MILK - NATIONAL

Prices are unchanged. However, the market tone is highly competitive. Reports indicate that a large, national brand producer is trying to regain market share by offering short and long-term discounted prices to some accounts. This is forcing other producers to either match the discounts or lose business. All this is happening at a time when milk prices, energy costs, and transportation costs are all increasing. Production levels are lighter as surplus milk supplies tighten in most sections of the country. Demand is generally steady, but the aforementioned discounts are moving more product. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 680 for delivery October 1 - December 31, 2001. The award is for a minimum of 2,056,320 pounds at prices ranging \$0.4256-\$0.4890 per pound. Items for 2,533,680 pounds of evaporated milk has been canceled due to fund availability.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Rennet and acid casein markets remain firm. Many domestic buyers indicate that they are getting enough casein to meet current needs, although most are not able to replenish depleted stocks and re-establish a working cushion. Suppliers and buyers are working on orders for the balance of the year with some negotiations entering the new year. European milk production continues to decline seasonally, thus sourcing stocks from Europe are being questioned. For the most part, European sources are indicating that they are committing to orders that they know they can fill with no significant additional volumes being projected for spot buyer interest at this time. Oceania milk production is just beginning a new season and it is too early to project seasonal output.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.5000 - 2.7300

ACID: 2.5500 - 2.6500

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

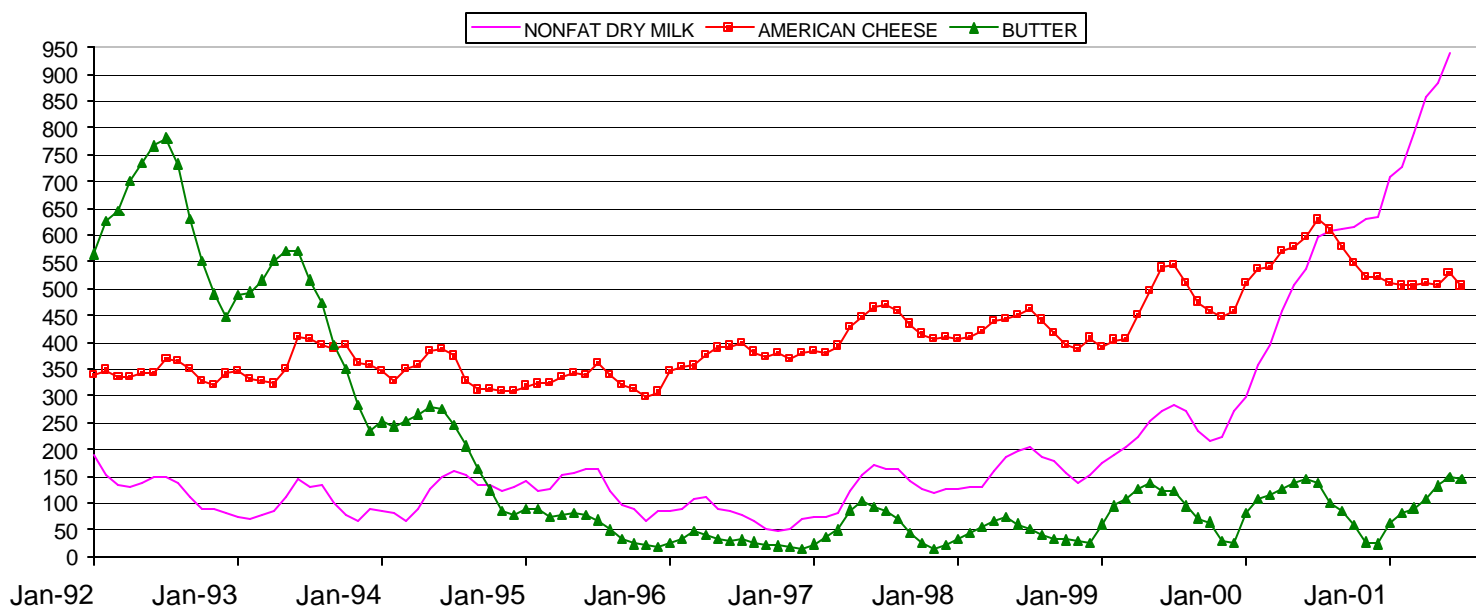
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUNE 30, 1999	JUNE 30, 2000	REVISED JUNE 30, 2001	JULY 31, 1999	JULY 31, 2000	JULY 31, 2001
Butter	120,606	145,786	147,877	123,552	136,928	145,437
Cheese, Natural American	531,268	596,616	529,765	543,642	628,284	504,487
Cheese, Swiss	11,725	15,105	11,990	10,590	14,906	11,315
Cheese, Other Natural	185,427	216,387	205,576	194,486	227,075	207,427
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	257	420	829	334	391	820
Natural American Cheese	33	46	1,734	48	163	1,600

JULY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
New England	29,640	22,993	24,231	---	---	---	559	899	416
Middle Atlantic	49,555	53,931	38,064	---	---	---	14,072	16,734	28,240
East North Central	255,810	308,634	235,102	---	---	---	97,579	104,937	100,327
West North Central	131,232	128,618	101,464	---	---	---	70,090	79,897	58,171
South Atlantic	625	5,375	5,030	---	---	---	1,501	606	210
East South Central	0	0	5	---	---	---	212	204	164
West South Central	363	521	505	---	---	---	236	528	466
Mountain	11,734	15,579	12,284	---	---	---	1,096	6,175	7,254
Pacific	64,683	92,633	87,802	---	---	---	9,141	17,095	12,179
TOTAL	543,642	628,284	504,487	123,552	136,928	145,437	194,486	227,075	207,427

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

U.S. Cold Storage Holdings (Million Pounds)



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2000 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Million Pounds						Million Pounds						Million Pounds					
January	64	82	63	82	<u>3/</u>	<u>3/</u>	510	512	508	512	2	<u>3/</u>	708	296	145	146	563	150
February	81	108	81	107	<u>3/</u>	<u>3/</u>	505	536	503	536	2	<u>3/</u>	726	359	138	173	589	186
March	90	114	90	114	1	<u>3/</u>	505	541	503	541	2	<u>3/</u>	791	395	123	168	668	227
April	108	127	107	127	1	<u>3/</u>	511	570	509	570	2	<u>3/</u>	858	458	127	197	731	260
May	132	138	132	138	1	<u>3/</u>	506	578	504	578	2	<u>3/</u>	882	506	134	197	747	309
June	148	146	147	145	1	<u>3/</u>	530	597	528	597	2	<u>3/</u>	941	537	162	171	779	366
July	145	137	145	137	1	<u>3/</u>	504	628	503	628	2	<u>3/</u>		596		190		406
August		101		101		<u>3/</u>		610		609		<u>3/</u>		606		152		454
September		85		85		<u>3/</u>		577		576		1		611		130		481
October		58		58		<u>3/</u>		547		546		1		614		121		493
November		27		27		<u>3/</u>		523		522		1		631		110		521
December		24		24		<u>3/</u>		523		521		1		635		119		516

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jun 30, 1999	Jun 30, 2000	Jun 30, 2001	Jul 31, 1999	Jul 31, 2000	Jul 31, 2001
	Thousand Pounds					
Butter	120,349	145,366	147,048	123,218	136,537	144,617
Natural American Cheese	531,235	596,570	528,031	543,594	628,121	502,887

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (8-01) and "Dairy Products," Da 2-6 (8-01), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, MARCH 2001, WITH COMPARISONS**

In March 2001, mailbox milk prices reported for selected reporting areas in Federal milk orders averaged \$13.79 per cwt., \$0.88 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$16.54 in Florida to \$12.48 in Idaho.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	January 2001	February 2001	March 2001
	<u>Dollars per hundredweight</u>		
Northeast Federal Milk Order	13.19	13.22	14.03
Appalachian States <u>3/</u>	14.64	14.04	14.65
Southeast States <u>4/</u>	14.99	14.23	14.79
Florida	16.66	15.90	16.54
Ohio	13.02	12.75	13.80
Michigan	12.85	12.64	13.61
Wisconsin	12.38	12.52	13.55
Minnesota	12.33	12.57	13.45
Illinois	12.37	12.35	13.16
Northern Missouri <u>5/</u>	12.25	12.15	12.99
Southern Missouri <u>6/</u>	13.56	12.94	13.69
Corn Belt States <u>7/</u>	12.19	12.26*	13.13
Western Texas <u>8/</u>	13.12	12.76	13.70
New Mexico	12.21	12.01	12.96
Idaho	11.14	11.46	12.48
Utah	11.37	11.44	12.54
Northwest States <u>9/</u>	12.39	12.51	13.37
All Federal Order Areas <u>10/</u>	12.97*	12.91	13.79
California <u>11/</u>	12.01	12.23	12.95

* Information is revised.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area.

2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

FEDERAL MILK ORDER ADVANCE PRICES, SEPTEMBER

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for September 2001 is \$15.56 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.99 and the advanced butterfat pricing factor of \$2.2432. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** -- The advanced Class IV skim milk pricing factor is \$7.24. Thus, the Class II skim milk price for August is \$7.94 per cwt., and the Class II nonfat solids price is \$0.8822. **Product Price Averages** -- The two-week product price averages for September are; butter \$1.9544, nonfat dry milk \$0.9445, cheese \$1.6696, and dry whey \$0.2871.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	September 2001		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <u>4/</u>	001	18.81	11.24	2.2757
Appalachian (Charlotte) <u>5/</u>	005	18.66	11.09	2.2742
Southeast (Atlanta) <u>6/</u>	007	18.66	11.09	2.2742
Florida (Tampa) <u>7/</u>	006	19.56	11.99	2.2832
Mideast (Cleveland) <u>8/</u>	033	17.56	9.99	2.2632
Upper Midwest (Chicago) <u>9/</u>	030	17.36	9.79	2.2612
Central (Kansas City) <u>10/</u>	032	17.56	9.99	2.2632
Southwest (Dallas) <u>11/</u>	126	18.56	10.99	2.2732
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	17.91	10.34	2.2667
Western (Salt Lake City) <u>13/</u>	135	17.46	9.89	2.2622
Pacific Northwest (Seattle) <u>14/</u>	124	17.46	9.89	2.2622
All-Market Average		18.14	10.57	2.2690

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. 10/ Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I prices at other cities are: Portland, same; and Spokane, same.

**MAILBOX MILK PRICES FOR SELECTED MILK ORDERS AND CALIFORNIA,
2000 ANNUAL AVERAGES, WITH COMPARISONS**

Federal Milk Order <u>1/</u>	Mailbox Milk Price <u>2/</u> <u>3/</u>		2000 Compared to 1999
	2000	1999	
	Dollars per cwt.		
Northeast <u>4/</u>	12.49	14.12	-1.63
Mideast	12.27	14.46	-2.19
Appalachian	13.66	15.59	-1.93
Southeast	12.90	14.87	-1.97
Florida	15.72	17.34	-1.62
Upper Midwest	11.55	13.56	-2.01
Central	11.51	13.62	-2.11
Southwest	11.92	13.87	-1.95
Western	10.57	12.27	-1.70
Pacific Northwest	11.76	13.32	-1.56
All Market Average <u>3/</u>	12.15	14.03	-1.88
California <u>5/</u>	11.51	13.44	-1.93

1/ Federal milk orders for which information could be released. Data for 1999 are the weighted average of the prices for the orders that were consolidated to form the 2000 orders. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. 3/ All figures are weighted annual averages using the applicable monthly prices and producer milk receipts for the respective order or group of orders for which the price is reported. 4/ Includes the value of the Northeast Dairy Compact over-order payments received by qualified producers. 5/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JULY

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During July, about 10.3 billion pounds of milk were received from producers. This volume of milk is 4.3 percent higher than the July 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.9 percent.) About 3.6 billion pounds of producer milk were used in Class I products, 1.2 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilization percentages were; Class I = 35%, Class II = 11%, Class III = 44%, and Class IV = 10%. The weighted average statistical uniform price was \$16.60 per cwt., \$0.24 higher than last month, and \$3.89 higher than last year.

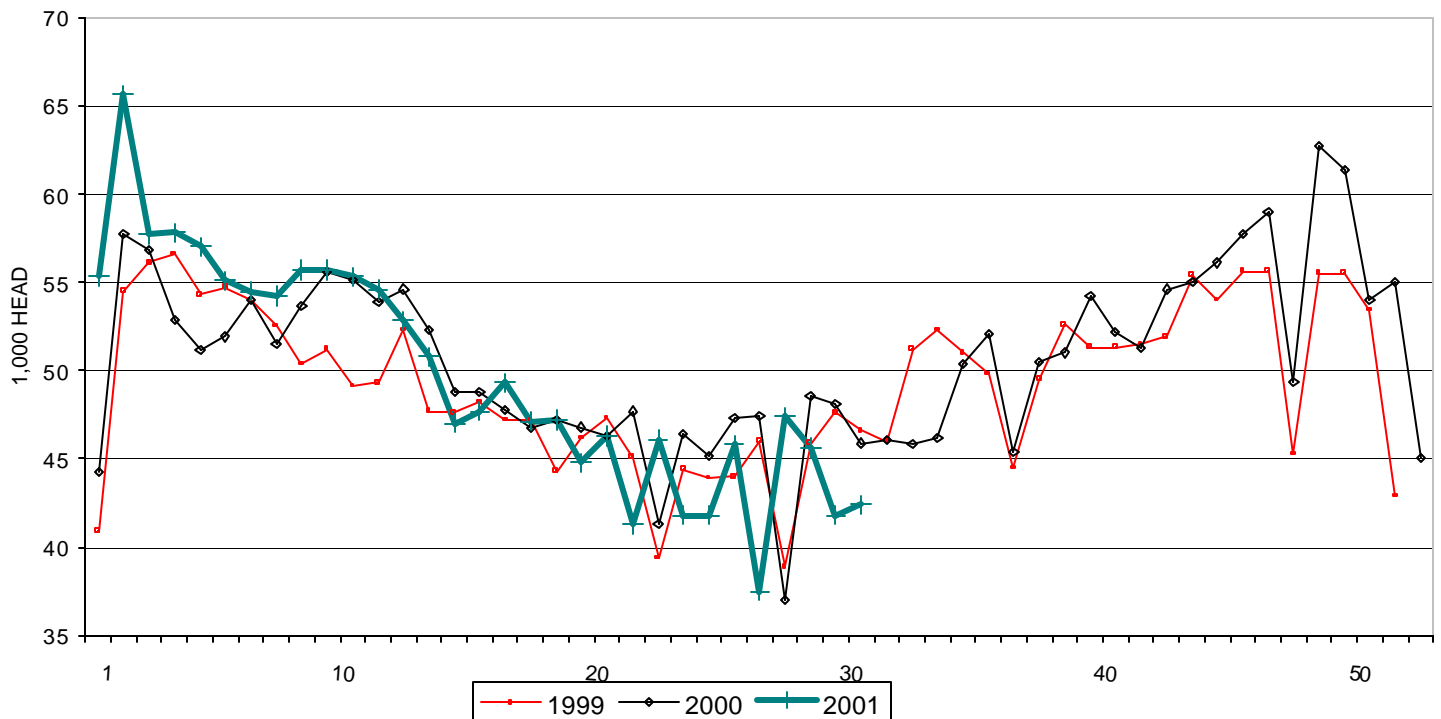
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2001										
FEDERAL MILK ORDER MARKETING AREA ^{1/}	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE ^{2/}
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,125.2	6.9	834.1	3.6	39	18	33	10	17.21
Appalachian (Charlotte)	005	522.3	6.5	345.1	1.5	66	17	8	9	17.61
Southeast (Atlanta)	007	595.4	4.5	380.0	1.6	64	13	17	6	17.54
Florida (Tampa)	006	225.8	0.2	197.3	-1.0	87	8	1	4	18.88
Mideast (Cleveland)	033 ^{3/}	1,651.3	36.1	510.5	-0.7	31	15	48	6	16.24
Upper Midwest (Chicago)	030 ^{3/}	1,500.6	-21.7	303.3	-3.4	20	4	74	2	15.91
Central (Kansas City)	032 ^{3/}	1,584.8	9.9	382.0	0	24	6	63	7	16.14
Southwest (Dallas)	126 ^{3/}	722.6	-0.7	313.7	2.6	43	11	36	10	17.12
Arizona-Las Vegas (Phoenix)	131	232.2	-7.7	73.1	0	31	6	45	18	16.08
Western (Salt Lake City)	135 ^{3/}	447.4	13.9	83.8	6.0	19	11	49	21	15.90
Pacific Northwest (Seattle)	124	644.0	4.9	168.5	3.9	26	6	34	34	15.80
ALL MARKET AVERAGE OR TOTAL	^{3/}	10,251.6	4.3	3,591.5	1.2	35	11	44	10	16.60

^{1/} Names in parentheses are the major city in the principal pricing point of the market.

^{2/} Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

^{3/} Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 90 million pounds of milk that normally would have been associated with these markets. In July 2000, the estimated not-pooled volume of milk was 220 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.9.

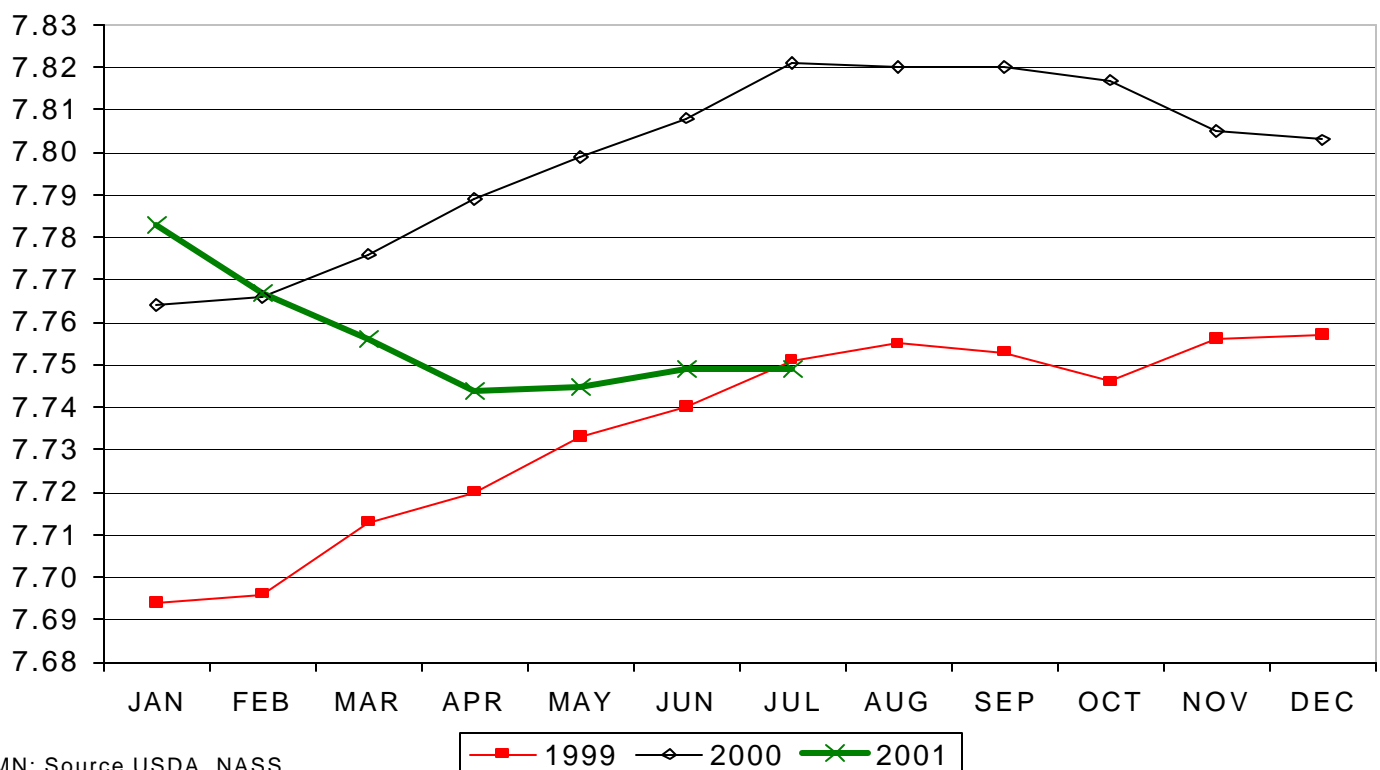
Weekly Dairy Cow Slaughter under Federal Inspection



8/22/2001 - Graph USDA, DMN

MILK COW NUMBERS - 20 MAJOR STATES

Thousand Head



DMN; Source USDA, NASS

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 20 - 24, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 08/17/01	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	1,162,919	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,746,519	-0-	-0-
NONFAT DRY MILK							
Nonfortified	1,332,613	-0-	1,332,613	371,211,208	439,189,975	600,495,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	11,592,594	38,227,000	-0-
TOTAL	1,332,613	-0-	1,332,613	399,362,299	450,782,569	638,722,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 20 - 24, 2001 =	0.3	15.5	COMPARABLE WEEK IN 2000 =	1.6	86.1
CUMULATIVE SINCE OCTOBER 1, 2000 =	190.1	4,758.2	CUMULATIVE SAME PERIOD LAST YEAR =	161.4	5,313.9
CUMULATIVE JANUARY 1 - AUGUST 24, 2001 =	73.5	3,275.6	COMPARABLE CALENDAR YEAR 2000 =	150.2	4,720.8

* Factors used for Fat Solids Basis Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 20 - 24, 2001 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	1,332,613	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,995,440	6,665,991	6,677,037	45,752,490	29.9	44.3
WEST	-0-	-0-	5,039,919	80,528	392,685,262	400,089,819	69.9	55.0
EAST	-0-	-0-	39,600	-0-	-0-	4,940,260	0.2	0.7
TOTAL	-0-	-0-	11,074,959	6,746,519	399,362,299	450,782,569	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 08/04/01 & Comparable Week 2000

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2001-Dairy	0.2	0.7	4.7	4.6	14.9	2.3	1.4	0.9	10.2	2.5	42.4	1,543.0
2000-Dairy	0.2	1.0	5.9	4.6	18.8	2.2	1.2	0.8	8.9	2.6	46.1	1,534.8
2001-All cows	0.2	0.9	6.3	13.7	25.3	14.7	16.6	4.3	13.3	5.9	101.2	3,319.7
2000-All cows	0.2	1.1	7.9	13.0	27.0	12.6	11.3	3.9	11.7	4.9	93.8	3,146.7

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34	15.40	15.56			
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96					
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46					
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm